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Citing Strong Finances and Management, Standard and Poor's Raises Philadelphia Housing Authority's 2017 Revenue Bond Rating to AA-

Credit Rating Agency calls PHA's future stable

Philadelphia – July 27, 2021) – S&P (Standard and Poor's) Global Ratings has elevated the Philadelphia Housing Authority's (PHA) 2017 revenue bonds credit rating to AA-, citing the agency's stronger finances and "PHA's very strong management." The credit rating agency had previously rated the bonds A+.

According to the S&P evaluation, "the rating action also reflects our opinion of improved financial performance," while noting that "U.S. Department of Housing & Urban Development (HUD) funding has remained relatively strong through operating subsidies and capital grants while repositioning public housing has generated some cost savings."

"We are gratified that S&P has validated our stewardship of PHA's finances, operations and management," said PHA President and CEO Kelvin A. Jeremiah. "The improved bond rating reflects not only the manner in which PHA conducts its business on behalf of low- and modest-income residents of Philadelphia, it also takes into account the shift in federal priorities that acknowledge the importance of providing as much affordable housing as possible."

The stable outlook reflects S&P Global Ratings' opinion of PHA's very strong management, improved financial performance through times of federal budget volatility and economic stress, and continued demand for its services from Philadelphia residents.

Although the pandemic caused rent collections to decline over the past year, the S&P report states, "we expect PHA will likely maintain very strong enterprise- and financial-risk profiles throughout the two-year outlook, supported by its diligent and thorough strategic planning and flexibility from being a Moving-to-Work agency."

Moving to Work is a special designation that gives PHA flexibility in how it prioritizes its spending.

S&P Global Ratings credit analyst David Greenblatt notes that "PHA's outlook could improve even further during the next few fiscal years, fueled by strong federal funding and stable developer fees, and if management were to continue to consider and implement cost savings that reduce certain operating expenses, leading to strong financial performance." Greenblatt cautions, however, that the outlook could worsen if the federal government were to markedly reduce public-housing support.

"Even with the enlightened affordable housing policies currently in place, we must remain vigilant in advocating for our fellow citizens who depend on us to provide well-maintained homes for them," Jeremiah said. "An objective evaluation like the one conducted by S&P should reassure those who believe in public and affordable housing that we are using our funding in the most productive way."

The S&P report analyzed environmental, social, and governance (ESG) risks relative to PHA's market position, management and governance, financial performance, and debt-and-liquidity profile and determined "all are in-line with our view of the sector standard."

The AA- rating affects roughly $27.8 million of series 2017 PHA general revenue bonds used to finance construction of PHA's headquarters building in Sharswood. Consolidating PHA operations, which had been housed in rental and PHA-owned space in locations across the city, to this single location at 2013 Ridge Avenue, resulted in savings that the agency is using to pay the bond debt.

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The Philadelphia Housing Authority is the nation's 4th largest housing authority, serving nearly 80,000 residents. PHA is also a major real estate developer. Learn more at www.pha.phila.gov.